Message Text

LIMITED OFFICIAL USE

PAGE 01 TOKYO 01204 01 OF 02 291016Z

12

ACTION AGR-08

INFO OCT-01 EA-06 ISO-00 EB-07 COME-00 TRSE-00 CIAE-00

DODE-00 PM-03 H-01 INR-07 L-02 NSAE-00 NSC-05 PA-01

RSC-01 PRS-01 SP-02 SS-15 USIA-06 STR-01 OMB-01 AID-05

IO-10 TAR-01 /084 W

.---- 07697

P 290900Z JAN 75

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC PRIORITY 7642

LIMITED OFFICIAL USE SECTION 1 OF 2 TOKYO 1204

DEPT PASS AGRICULTURE FOR YEUTTER, HUME AND RANSOM

E.O. 11652: N/A TAGS: EAGR, JA

SUBJ: VISIT OF ASST SECY YEUTTER AND FAS ADM HUME, JAN 13 AND 21-24,

1975

REF: (A) TOKYO 1028; (B) TOKYO 1155

1. SUMMARY. MAJOR INTEREST GOJ SIDE INCLUDING TRADE, INDUSTRY, ACADEMIA AND MEDIA CONTACTS CENTERED ON FOOD SECURITY ISSUES, E.G. U.S. FOOD RESERVES IDEAS AND FORTHCOMING LONDON MEETING; ACCESS TO, AVAILABILITY AND STABILITY OF SUPPLIES; AND ASSURANCES EXPORT CONTROLS SUCH AS ON SOYBEANS IN 1973 WOULD NOT BE REPEATED. ASST SECY YEUTTER EXPLAINED THAT ALTHOUGH NO USG POSITION YET AGREED RE WORLD FOOD RESERVES OBVIOUS ISSUES TO BE DISCUSSED INCLUDE SIZE OF RESERVES, COUNTRY PARTICIPATION, WHAT COMMODITIES TO INCLUDE, COUNTRY SHARES AND HOW SYSTEM WOULD BE OPERATED IF IMPLEMENTED. USDA THINKING ON THESE ISSUES WAS OUTLINED BRIEFLY AS DESCRIBED IN PARA 3. RE SUPPLIES, HE EMPHASIZED CONTINUED ALL-OUT U.S. MARKET-ORIENTED AGRICC PRODUCTION POLICY, UNEQUALLED PRODUCTION FACILITIES AND DETERMINATION TO PROVIDE FULL NEEDS OF TRADITIONAL CUSTOMERS SUCH AS JAPAN AND OTHERS WHERE POSSIBLE. LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 TOKYO 01204 01 OF 02 291016Z

WHEREAS JAPAN MOST CONCERNED ABOUT SUPPLIES, U.S. PRODUCER MOST

CONCERNED ABOUT MARKETS, INCLUDING FOR PROCESSED AND CONSUMER-READY TYPE COMMODITES AS WELL AS BULK GRAINS AND OTHER RAW MATERIALS. THE SOYBEAN EMBARGO WAS A REGRETTABLE DECISION THAT WE WERE DETERMINED TO NOT REPEAT AS WITNESS THE KEEPING OF U.S. WHEAT MARKETS OPEN LAST YEAR AND THE DECISION TO LIMIT USSR PRUCHASES AND ADOPT A VOLUNTARY EXPORT REPORTING SYSTEM. YEUTTER FURTHER CITED USDA JANUARY 22 ACREAGE INTENTIONS REPORT FOR 1975 AS AN EXAMPLE OF HOW QUICKLY U.S. FARMERS RESPOND TO MARKET FORCES. THIS IS THE OUTSTANDING FEATURE OF THE U.S. MODERN, MECHANIZED AGRICULTURE THAT NO OTHER COUNTRY CAN NOW DUPLICATE, URGED LEADERS TO NOT BE MISLED NOR BECOME COMPLACENT IF THEY THINK U.S. WILL AGAIN ACCUMULATE LARGE SURPLUSES OVER ANY EXTENDED PERIOD THAT WOULD RELIEVE THEM OF RESPONSIBILITY OF SHARING EQUALLY IN COVERING THEIR OWN FOOD RISKS. STATEMENT PROMPTED BY SEVERAL OBSERVATIONS FROM JAPANESE SIDE THAT BENEFITS OF RESERVES AND FOOD AIR BASICALLY ACCRUE TO EXPORTERS, HENCE JAPAN NOT OBLIGATED TO SHARE BURDENS.

- 2. INTENSIVE SCHEDULE OF MEETINGS WITH MINISTRY OF AGRICULTURE AND FORESTRY (MAF) INCLUDING MINISTER ABE, VM NAKANO AND FOUR DIRECTOR GENERALS COVERED BROAD RANGE OF AGRICULTURAL SUBJECTS CONCERNING BOTH SIDES ATT PRESENT. MEETING WITH MINISTER ABE FOCUSED MAINLY ON JAPAN'S RELIANCE ON U.S. AS A DEPENDABLE SUPPLIER AND U.S. INTEREST IN CONTINUED EXPANSION OF AGRICULTURAL EXPORTS FACILITATED BY FURTHER GOJ TRADE LIBERALIZATION. YEUTTER MENTIONED AS ILLUSTRATION THAT HE HOPED JAPAN WOULD SOON BE BUYING \$5 BILLION IN U.S. AGRICULTURAL PRODUCTS AND THAT CONTINUED TRADE GROWTH, NOT STAGNATION IN OUR MUTUAL INTEREST. JAPAN'S ECONOMY STILL ONE OF STRONGEST IN THE WORLD, BOTH FAVORABLE WITH U.S. AND WORLD WHEREAS U.S. IN OPPOSITE SITUATION, E.G. BELIEVED JAPANESE PEOPLE WOULD CONSUME MUCH MORE BEEF IF AVAILABLE TO THEM AT REASONABLE PRICE RELATIONSHP. MOST APPRECIATIVE OF VM NAKANO'S INVITATION FOR HIM TO VISIT JAPAN AND HOPED FREQUENT EXCHANGE OF VISITS BETWEEN MAF AND USDA WOULD CONTINUE.
- 3. SUBSEQUENT MEETING WITH VM NAKANO (OKAYASU AND YAMADA PRESENT) FOCUSED ON UPCOMING FOOD RESERVES MEETING IN LONDON. JAPAN AS YET HAS NO POSITION RE THIS MEETING, PLANS TO PARTICIPATE POSITIVELY, AND WISHED TO KNOW U.S. IDEAS IN AS MUCH DETAIL AS LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 TOKYO 01204 01 OF 02 291016Z

POSSIBLE. WHILE EMPHASIZING NO USG POSITION YET DECIDED, ASST SECY YEUTTER SAID USDA THINKING ALONG LINES OF TOTAL RESERVE OF 45 MILLION TONS OF WHEAT, FEEDGRAINS AND RICE IN ANY MIX, SHARED BY MAJOR IMPORTERS AND EXPORTERS ACCORDING TO CERTAIN CRITERIA TO BE AGREED SUCH AS GNP, VARIANCE IN ANNUAL GRAIN PRODUCTION AND GRAIN EXPORT/IMPORT TRENDS. IF SUCH BASIS AGREEABLE, U.S. RESERVE STOCKS SHARE WOULD BE 13 MILLION MT VERSUS 3 MILLION FOR JAPAN. THIS WOULD BE OVER AND ABOVE PIPELINE STOCKS SUGGESTED AT 24 MIL MT FOR

U.S. AND 3.5 FOR JAPAN. TOTAL STOCKS ALL GRAINS UNDER THIS IDEA (INCLUDING 4.4 MIL FOR FOOD AID) WOULD THEN BEE 39 MIL MT FOR THE U.S., 6.5 MIL FOR JAPAN AND 178 MIL FOR ALL PARTICIPANTS. EACH COUNTRY WOULD DECIDE HOW BEST TO MEET ITS COMMITMENT. THE ADMINISTRATIVE STRUCTURE WOULD HOPEFULLY BE DEPT AS SIMPLE AS POSSIBLE AS OPPOSED TO A TIGHTLY CONTROLLED, HIGHLY TECHNICAL ONE. VM NAKANO WAS MOST APPRECIATIVE OF THIS EXPLANATION WHICH THEY PLANNED TO GIVE FULL CONSIDERATION IN THEIR PREPARATIONS. (SEE TOKYO 1028 RE MEETING WITH MIYAZAKI OF FONOFF WHO OUTLINED PROBLEMS RAISED BY DIET OPPOSITION AND TO SOME EXTENT MINISTRY OF FINANCE). SECOND SUBJECT DISCUSSED WITH VM NAKANO WAS SUGGESTED MIX OF POLICIES JAPAN MIGHT PURSUE TO REDUCE ITS FOOD RISKS. DECISION, OF COURSE, THEIRS TO MAKE AND THERE IS A TRADEOFF BETWEEN COSTS AND DEGREE OF SECURITY DESIRED. FIRST IS TO CONTINUE CURRENT SHORT TERM PURCHASE CONTRACTS, LEAST COSTLY AND GREATEST RISK. SECOND IS TO MAKE MORE LONG TERM CONTRACTS, SMALL ADDITIONAL COST IF ANY BUT A LITTLE MORE SECURITY AS LT CONTRACTS NOT AS LIKELY TO BE NEGATED IN THE EVENT OF SUPPLY PROBLEMS. THIRD IS TO PRUCHASE AND STORE IN THE U.S., MORE COSTLY BUT MORE SECURITY AS EVEN LESS LIKELY U.S. WOULD QUOTE NATIONALIZE UNQUOTE JAPANESE PROPERY. FOURTH WOULD BE TO BUY AND STORE IN JAPAN, MOST PROTECTIVE OF ALL BUT MOST COSTLY. A MIX OF THE ABOVE WOULD SEEM MOST APPROPRIATE AND IT SEEMS THAT JAPAN WITH ITS HIGH FOOD RISK DUE TO HEAVY DEPENDENCY ON IMPORTS WOULD BE WISE TO CONSIDER SUCH MEASURES TO REDUCE ITS VULNERABILITY ASIDE FROM WHAT MAY HAPPEN RE WORLD FOOD RESERVES PROPOSALS. LATTER NOT APT TO COME ABOUT SOON AND EVEN IF AND WHEN IT DOES DOUBT IT WILL BE SOLUTTON TO AS MANY OF FOOD PROBLEMS TROUBLING WORKD AS HAS BEEN IMPLIED.

LIMITED OFFICIAL USE

NNN

LIMITED OFFICIAL USE

PAGE 01 TOKYO 01204 02 OF 02 291042Z

12

ACTION AGR-08

INFO OCT-01 EA-06 ISO-00 EB-07 COME-00 IO-10 TRSE-00

CIAE-00 DODE-00 PM-03 H-01 INR-07 L-02 NSAE-00 NSC-05

PA-01 RSC-01 PRS-01 SP-02 SS-15 USIA-06 STR-01 OMB-01

AID-05 TAR-01 /084 W

----- 077259

P 290900Z JAN 75 FM AMEMBASSY TOKYO TO SECSTATE WASHDC PRIORITY 7643

LIMITED OFFICIAL USE SECTION 2 OF 2 TOKYO 1204

- 4. TALLKS WITH DG MIYOSHI COVERED PRIMARILY WHEAT, PLUS RELATED FACTORS SUCH AS GRAIN RESERVES, EXPORT REPORTING, ACREAGE INTENTIONS, WORLDWIDE DEMAND AND SUPPLIES, ETC. ON KEY MATTER OF WHEAT, TOTAL IMPORTS NEXT YEAR MAY BE DOWN SLIGHTLY, DEPENDENT ON WHAT MIGHT DEVELOP IN FEED WHEAT, BUT PLAN TO AGAIN BUY AT LEAST 3.1 MILL TONS FROM U.S. PARTICULARLY CLOSE WORKING RELATIONS DEVELOPED WITH FOOD AGENCY OVER MANY YEARS COUPLED WITH THE NATURE OF THE PRODUCTS (WHEAT, RICE AND BARLEY) UNDER ITS RESPONSIBILITY MEANS NO SPECIAL PROBLEMS AT THE MOMENT.
- 5. MEETING WITH DG OKAYASU COVERED TROUBLESOME TRADE RESTRICTIONS SUCH AS QUOTAS, HIGH AND/OR SEASONABLE DUTIES ON A BROAD RANGE OF AGRICULTURAL PRODUCTS, ESPECIALLY THE PROCESSED, SEMI-PROCESSED AND/OR CONSUMER-READY TYPE ITEMS. HOPED JAPNA WOULD BE PREPARED TO LIBERALIZE MOST OF THE REMAINING RESTRICTIONS ON AGRICULTURAL PRODUCTS IN THE FORTHCOMING MTN. SOME POINTS RE USDA GRAIN RESERVES IDEAS WERE CLARIFIED TOGETHER WITH SPECIAL MENTION OF FRESH ORANGE AND ORANGE JUUICE QUOTAS AND TARIFFS ON PEANUT BETTER AND PINEAPPLES.

6. DG MORI SESSIONS FOCUSED ON MAF WISH TO DEVELOP SOME LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 TOKYO 01204 02 OF 02 291042Z

TYPE OF LONG TERM CONTRACT WITH U.S. ON SOYBEANS. HE REFERRED TO SUCH ARRANGEMENTS CONCLUDED FOR SUGAR FROM AUSTRALIA AND SOYBEANS FROM PRC, THOUGH LATTER FAIRLY SMALL. ASST SECY YEUTTER EXPLAINED USDA EXPERIENCE TO DATE WITH LONG TERM CONTRACTS FOR TAIWAN, NORWAY SND POLAND AND MENTIONED USSR INTEREST IN AGREEING TO PURCHASE A GIVEN QUANTITY ANNUALLY. PROMISED TO MAKE AVAILABLE COPY OF POLISH AGREEMENT, BUT EMPHASIZED THAT SUCH AGREEMENTS MUST MAINLY DEPEND ON PRIVATE TRADE OR INDUSTRY ASSOCIATION ARRANGEMENTS. SAID USDA PREPARED TO SELECT TECHNICAL PEOPLE TO WORK WITH THEM IN DEVELOPING POSSIBLE UNDERSTANDING BOTH CAN SIGN WHEN MORE FEELS THEY REAADY TO PROCEED.

ALSO EXPRESSED APPRECIATION FOR THEIR CONTINUED COOPERATION IN EFFORTS TO RESOLVE QUOTE CERTIFIED TALLOW UNQUOTE PROBLEM AND PLEASE YOSHIDA PLANNED TO VISIT USDA/W AGAIN IN MID-FEBRUARY. HOPE GOJ CAN REMAIN FLEXIBLE ON WORDING IN CERTIFICATES AS APHIS CAN ONLY AGREE TO SOMETHING THAT INSPECTORS CAN LEGITIMATELY SIGN.

7. THE MEETING WITH DG MATSUMOTO WAS DEVOTED TO: (A) THE ONGOING ACTIVITIES LEADING TO AN EXPECTED SOLUTION TO THE GRAPEFRUIT QUOTE CARABFLY UNQUOTE PROBLEM MOMENTARILY; (B) CONSIDERATION OF AND A REPLY TO USDA'S FINAL RESEARRCH PROPOSAL ON THE FRESH CHERRY/CODLING MOTH SUBJECT IN TIME FOR SHIPMENTS TO BE MADE THIS SEASON; (C) OUR DISAPPPOINTMENT THAT THERE WAS NO INCREASE IN THE SMALL 15,000 TON FRESH ORANGE OUOTA (DOMESTIC CONSUMPTION IS 2.6 MIL TONS) AND A REQUEST THAT THEY AGREE TO OFF-SEASON LIBERALIZATION; (D) LIKEWISE THAT THE REGULAR ORANGE JUICE CONCENTRATE QUOTA WAS ONLY 650 TONS AND THE EXTRA 350 TONS GRANTED FOR BLENDING LAST YEAR REMAINS UNSED BYKYODO KAJU BECAUSE THEY STILL HAVE NO FACILITY AND MAF HAS NOT RELEASED THIS FOR OTHERS THAT ARE PREPARED TO USE IT NOW NOR GRANTED AN EQUAL QUOTA FOR THIS YEAR; (E) A REQUEST THAT MAF FAVORABLE CONSIDER INDUSTRY REQUSTS FOR A BARTER OF ORANGE JUICE CONCENTRATE BETWEEN U.S. AND JAPANESE FIRMS IN SIZEABLE QUANTITITES, TON FOR TON, AND GRANT RECIPROCAL DUTY DRAWBACK RIGHTS; (F) A REQUEST THAT THE CURRENT HIGH 35 PERCENT DUTY ON SWEETENED PEANUT BUTTER BE LOWERED. ESPECIALLY SINCE THEIR OWN DOMESTIC PEANUT PRODUCTION IS DECLINING AND IS IN ANY EVENT USED MAINLY AS WHOLE KERNALS: AND FINALLY (G) THAT THE PROPOSED INCREASE IN THE DUTY ON FROZEN PINEAPPLE APPLY LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 TOKYO 01204 02 OF 02 291042Z

ONLY TO PRODUCT IMPORTED FOR CANNING, NOT THAT IN RETAIL PACKS, IF IT MUST BE INCREASED. IN SUMMARY, IT WAS HOPED THAT JAPAN WOULD PERMIT GREATER ACCESS TO U.S. PROCESSED AND CONSUMER-READY ITEMS AS WELL AS OUR BULK ITEMS. IN JAPAN THIS SHOULD MEAN LOWER CONSUMER FOOD PRICES AND CONTRIBUTE TO REDUCING INFLATION WHILE PROVIDING INCREASED OPPORTUNITIES FOR U.S. PRODUCTS TO HELP REDRESS THE UNFAVORABLE TRADE BALANCE. FROM THEIR SIDE IT WAS HINTED THAT PPRHAPS MORE U.S. STATES COULD BE OPENED TO MIKAN IMPORTS. MATSUMOTO OF COURSE UNABLE CHANGE GOJ POLICY BUT TOOK NOTE OF SERIOUSNESS YEUTTER'S PRESENTATION.

8. JAPAN'S HIGHLY RESTRICTIVE BEEF QUOTA SYSTEM AND THE DENIAL OF U.S. CHOICE TYPE BEEF AVAILABILITY TO CONSUMERS AT REASONABLE PRICES IN THE MIDDLE CATEGORY BETWEEN DOMESTIC KOBE AND HOLSTEIN STEER TYPE BEEF WAS THE FOCUS OF THE MEETING WITH DG SAWABE. THE DG DISAGREES THAT THERE IS A GAP IN THE MIDDLE CATEGORY, CITED THE NEED TO PROTECT DOMESTIC PRODUCTION IN FACE OF RECENT ESCALATIONS IN COSTS - ESPECIALLY OF U.S. FEEDGRAINS, AND POINTED TO THE PRESENT SLACK DEMAND FOR BEEF IN CONJUNCTION WITH THE DECREASED PURCHASING POWER. ASST SECT YEUTTER OBSERVED THAT PRESENT U.S. BEEF PRICES ARE A BARGAIN RELATIVELY SPEAKING AND WE SHOULD HAVE AN OPPORTUNITY TO SELL BEEF AS WELL AS FEEDGRAINS. THE VARIABLE DUTY ON PORK WAS MENTIONED AS ANOTHER RESTRICTION THAT SHIFTED THE ADJUSTMENT TO OTHERS.

TTHE DG SUGGESTED IT MAY BE POSSIBLE TO REOPEN THE BEEF HOTEL QUOTA SHORTLY DEPENDENT ON THE U.S. REATION. YEUTTER SAID USDA WOULD STUDY (SEE TOKYO 1155). DG DECLINED TO ESTIMATE WHEN GENERAL BEEF QUOTA MIGHT BE REOPENED INASMUCH AS HE SAID HE HAD ALREADY BEEN WRONG TWICE BEFORE.

9. SAME GENERAL THEMES, BUT GENERALLY LESS SPECIFICS, WERE COVERED IN VARIOUS ADDITIONAL MEETINGS WITH ALL MAJOR COMMODITY ASSOCIATIONS, COOPERATIVE FEDERATION LEADERS, DOOD INDUSTRY FEDERATION LEADERS, FLOUR MILLERS, FEED MANUFACTURERS, OILSEED PROCESSORS, COTTON SPINNERS, TOBACCO CORPORATION, THE MARGARINE AND SOAP INDUSTRIES, THE GENERAL PRESS AND FOOD AND AGRICULTURAL TRADE PRESS CONFERENCES, AND ON THE NATIONWIDE NHK-TV STUDIO 102 PROGRAM. ALL STRESSED THAT STABILITY OF SUPPLY AND PRICE (EVEN IF LATTER AT HIGH LEVEL - SIC) THEIR GREATEST CONCERN. GRAIN TRADE, ZENNOH AND LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 04 TOKYO 01204 02 OF 02 291042Z

RELATED GROUPS WERE ESPECIALLY OPPOSED TO PROPOSED CHANGE IN EXPORTT REGISTRATION SYSTEM THAAT WOULD RULE OUT QUOTE BASIS UNQUOTE CONTRACTS. THEY CLAIM THESE NOT MORE LIKELY TO WASH OUT THAN SOME OTHER TYPES.

10. ACTION REQUESTED. PLEASE FORWARD COPY OF POLISH CONTRACT FOR MORI AND CONTACT YEUTTER'S OFFICE TO SEE IF HE WILL AGREE TO RETURN TAKESHITA'S PHOTO-BIO BOOK SINCE THIS OUR ONLY COPY. SET OF PRESS CLIPPINGS AND NAME/ADDRESS LIST FOR THANK YOU NOTES BEING FORWARDED. HODGSON

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X Capture Date: 01 JAN 1994 Channel Indicators: n/a

Current Classification: UNCLASSIFIED Concepts: POLICIES, WHEAT, DIPLOMATIC DISCUSSIONS, EXPORT CONTROLS, STOCKPILES, GRAINS

Control Number: n/a Copy: SINGLE Draft Date: 29 JAN 1975 Decaption Date: 01 JAN 1960 Decaption Note: Disposition Action: RELEASED Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975TOKYO01204

Document Number: 1975TOKYO01204 Document Source: CORE Document Unique ID: 00

Drafter: n/a Enclosure: n/a Executive Order: N/A Errors: N/A

Film Number: D750032-0745

From: TOKYO

Handling Restrictions: n/a

Image Path:

Legacy Key: link1975/newtext/t1975018/aaaaahhq.tel Line Count: 310

Locator: TEXT ON-LINE, ON MICROFILM

Office: ACTION AGR Original Classification: LIMITED OFFICIAL USE

Original Handling Restrictions: n/a Original Previous Classification: n/a

Original Previous Handling Restrictions: n/a

Page Count: 6

Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE Previous Classification: Limited Official of Previous Handling Restrictions: n/a
Reference: 75 TOKYO 1028, 75 TOKYO 1155
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR

Review Comment: n/a Review Content Flags: Review Date: 29 APR 2003

Review Event:

Review Exemptions: n/a
Review History: RELEASED <29 APR 2003 by GarlanWA>; APPROVED <30 APR 2003 by GolinoFR>

Review Markings:

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JÚL 2006

Review Media Identifier: Review Referrals: n/a Review Release Date: n/a Review Release Event: n/a **Review Transfer Date:** Review Withdrawn Fields: n/a

Secure: OPEN Status: NATIVE

Subject: VISIT OF ASST SECY YEUTTER AND FAS ADM HUME, JAN 13 AND 21-24, 1975 TAGS: EAGR, OVIP, JA, US, (YEUTTER), (HUME)
To: STATE

Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006